

Civil Air Patrol Board of Governors

17 August 2002 – 1:00 p.m.
Salon B
Philadelphia Marriott Hotel
Philadelphia, Pennsylvania

Members Present

Colonel Robert Bess, CAP
Member-at-Large

Brigadier General Richard L. Bowling, CAP
Civil Air Patrol National Commander

Lieutenant General Nicholas B. Kehoe, USAF (Ret)
Chairman, Civil Air Patrol Board of Governors

Lieutenant General Donald A. Lamontagne, USAF
Commander Air University Maxwell Air Force Base, Alabama

Colonel Michael L. Pannone, CAP
Member-at-Large

Doctor Benjamin F. Payton, President
Tuskegee University

Major General Randall M. Schmidt, USAF
Headquarters, United States Air Force, Assistant Deputy Chief of Staff, Plans & Operations

Colonel Dwight H. Wheless, CAP
Civil Air Patrol National Vice Commander

Mister Bruce N. Whitman, Executive Vice President
Flight Safety International Incorporated

Civil Air Patrol Board of Governors

17 August 2002 – 1:00 p.m.
Salon B
Philadelphia Marriott Hotel
Philadelphia, Pennsylvania

Schedule

CALL TO ORDER, Lieutenant General Nicholas B. Kehoe, USAF (Ret), Chairman, Civil Air Patrol Board of Governors welcomed all the members of the BoG present for this meeting, and noted there was a quorum of nine.

Also welcomed by THE CHAIRMAN were the members of Civil Air Patrol who took the opportunity to observe the Board of Governors as it conducted its business.

THE CHAIRMAN expressed appreciation to members of the Board of Governors, especially Mr. Whitman, for their efforts in support of the NASCAR program, particularly the corporate sponsorship area. He also expressed appreciation to Col Wheless, CAP, for his efforts in the renegotiation of the Lewis Motorsports contract. Mr. Drew Alexa, Advanced Technologies Coordinator, was also recognized for his contributions to the marketing platform.

The CIVIL AIR PATROL BOARD OF GOVERNORS was in executive session, 2:00pm until 3:00pm; and 3:50pm until 4:15pm.

On Saturday, 17 August 2002 at 4:15pm, following executive session, the Board of Governors returned to open session. At 4:30pm on Saturday, 17 August 2002, *COL WHELESS, CAP, moved and MR. WHITMAN, seconded a motion that the BoG adjourn.*

MOTION CARRIED UNANIMOUSLY.

THE BOARD OF GOVERNORS meeting was adjourned at 4:30pm, Saturday, 17 August 2002.

It was noted that the Secretary of the Air Force appointed Major General Randall M. Schmidt, USAF, as a member of the Civil Air Patrol Board of Governors effective August 16, 2002, vice Lieutenant General Charles F. Wald, USAF.

Civil Air Patrol Board of Governors

17 August 2002 – 1:00 p.m.
Salon B
Philadelphia Marriott Hotel
Philadelphia, Pennsylvania

Table of Contents

1.	APPROVAL OF PREVIOUS MEETING MINUTES -----	4
2.	PRESS RELEASE-----	5
3.	NASCAR MARKETING PLATFORM STATUS REPORT-----	6
4.	CAP BUDGET APPROVAL -----	8
5.	NEXT MEETING -----	9
6.	ANY OTHER BUSEINSS	
	a. Inspector General Briefing -----	10
	b. Consent Action on Litigation -----	11
	c. Civil Air Patrol Point of Contact on the Air Staff -----	12
	d. Line of Credit for Civil Air Patrol -----	13
7.	EXECUTIVE SESSION -----	14

Appendix Contents

1.	APPENDIX A----- Revised CAP Marketing Plan -----	15-30
2.	APPENDIX B ----- Summary of Contract Renegotiations -----	31-32
3.	APPENDIX C ----- Corporate Budget-----	33-45
4.	APPENDIX D----- Summary of Investment Performance -----	46

Civil Air Patrol Board of Governors

17 August 2002 – 1:00 p.m.
Salon B
Philadelphia Marriott Hotel
Philadelphia, Pennsylvania

MINUTES

1. Approval of Previous Meeting Minutes

Issue:

The minutes of the 4 June 2002 meeting of the CAP Board of Governors were distributed to all members on 25 June 2002.

Discussion:

BRIG GEN BOWLING, CAP, moved and COL PANNONE, CAP, seconded a motion that the BoG approves the minutes of the previous meeting as presented.

Action:

THE MOTION CARRIED UNANIMOUSLY. This item is CLOSED.

Civil Air Patrol Board of Governors

17 August 2002 – 1:00 p.m.
Salon B
Philadelphia Marriott Hotel
Philadelphia, Pennsylvania

MINUTES

2. Press Release

Issue:

As instructed by the Chairman, a press release was prepared for the 4 June 2002 meeting of the Board of Governors.

Discussion:

The press release of the 4 June 2002 meeting was reviewed, and there was no dissension.

Action:

THE CHAIRMAN directed that a press release be prepared for this meeting. This item is OPEN.

Civil Air Patrol Board of Governors

17 August 2002 – 1:00 p.m.
Salon B
Philadelphia Marriott Hotel
Philadelphia, Pennsylvania

MINUTES

3. NASCAR Marketing Platform Status Report

Issue:

The objective for this meeting was to evaluate the NASCAR Marketing Platform, and make a determination if feasibility to continue the program exists. A Civil Air Patrol Racing Marketing Plan, revised August 16, 2002 (**APPENDIX A**), and a summary of contract renegotiations, 14 August 2002 (**APPENDIX B**), were distributed and discussed. Additionally, the Chairman stated that the aim of this agenda item is to make a decision on the future of the opportunities of the program. Col J. Scott Hamilton, CAP, Interim Executive Director, reviewed the tasking of the Headquarters staff. He also added, that the documents being briefed today were presented at the Civil Air Patrol National Board meeting this week. The resolution of the National Board endorsing the continuance of this marketing program is delivered in the BoG discussion as a motion for this item.

Discussion:

This discussion clarified that (1) the renegotiations of the contracts met with legal approval, and, as a result of contract renegotiations, the promotion of the marketing plan would be handled in-house at a considerable savings. (2) Also, that the presentation to the National Board included the financial status of the program in terms of expense requirements and the ability to pay them. The National Board felt with the more recent and increased commitment and involvement of the top management and other expertise in Civil Air Patrol, they wanted the opportunity of one more year to help make this a successful program and not lose the money already obligated without additional effort. (3) Further, the expense of the marketing plan would be paid from a combination of investment funds and membership dues, if sufficient funds from associate sponsorships/contributions and merchandising do not materialize.

Mary Nell Crowe, HQ CAP/PA, briefed current efforts in the corporate sponsorship/contribution area. While there have not been any corporate commitments, several possibilities are working and will be pursued. Also, several merchandising items have become available for sale. In response to a question as to the basis for the expected increase in corporate sponsorship for 2003, Ms. Crowe named the companies and the tentative plans for revenue generating efforts. There was a suggestion made that if sponsors can't be found that co-sponsorship of a NASCAR car might be considered. Also, a suggestion was made that analysis alternatives need to be accomplished.

Civil Air Patrol Board of Governors

17 August 2002 – 1:00 p.m.
Salon B
Philadelphia Marriott Hotel
Philadelphia, Pennsylvania

MINUTES

3. NASCAR Marketing Platform Status Report (cont'd)

Discussion:

The Board of Governors went into executive session for the purpose of discussing contract renegotiations and other sensitive issues. The Chairman expressed the necessity and value of going into executive session, because the dialogue helped BoG members come to a more comfortable position in making a decision on whether to move forward with the program. He stated, "If you had been in the room, you would have been very heartened by the responsibility that was manifested around the table and the respect and deference that is given to Civil Air Patrol's membership and its leadership structure. It is not insignificant that the National Board has already looked at this and come to its own satisfaction on how we should proceed and has made a recommendation to us. Even though it is our responsibility to make that decision, the recommendation was treated with great respect. That is a very significant factor. I temper that with the fact that our decision has to be made on our financial viability and our ability to maintain the financial capability of this organization. Our challenge has been to deal with the risk and I think we did everything possible to put on the table all of the areas we needed to in order to come to a decision."

COL WHELESS, CAP, moved and DOCTOR PAYTON, seconded the motion: "WHEREAS, on Thursday, 15 August 2002, the CAP National Board received a complete informational briefing on the status of the NASCAR Marketing Platform, which included full disclosure of the details of the outcome of the contract renegotiations, detailed marketing plan, and status of efforts to secure associate sponsorships; and, WHEREAS, following discussion of the program and speaking as the constitutionally selected representatives of the membership whose accumulated dues money is funding the program, the National Board voted unanimously to express to the Board of Governors the strong desire and recommendation to continue the agreement with Lewis Motorsports, LLC, as amended 9 August 2002, through the 2003 racing season; AND, WHEREAS, the projections would come from corporate reserves and membership dues, it is moved that although the program has failed to meet revenue expectations to date, the BoG approve the two contract amendments negotiated with Lewis Motorsports, and it is further moved that Civil Air Patrol not exercise its right to opt out of the Lewis Motorsports agreement, as amended, at this (September 1, 2002) opportunity."

Action:

THE MOTION CARRIED. There were 8 affirmative votes and 1 vote in opposition; Lt Gen Lamontagne. This item is CLOSED.

Civil Air Patrol Board of Governors

17 August 2002 – 1:00 p.m.
Salon B
Philadelphia Marriott Hotel
Philadelphia, Pennsylvania

MINUTES

4. CAP Budget Approval

Issue:

A comprehensive budget was provided to the BoG for their review. Civil Air Patrol FY03 Financial Plan (Corporate Budget), as of 9 August 2002, is found at **APPENDIX C**; and, Summary of Investment Performance, Cost to Market Comparison, as of 30 June 2002, is found at **APPENDIX D**. During the review, the chairman noted that the items of concern at the last meeting have been addressed in the 9 Aug 02 revision, specifically, the inclusion of expenses associated with NASCAR and the revenues that would be used for that program, which is basically the risk area that was discussed in the NASCAR Marketing Platform dialogue.

Discussion:

There was clarification that the increase from \$5,000 to \$90,000 in Dept 005—National Commander Directed Travel—is primarily a consolidation from other line items for the purpose of closer monitoring of travel by committee chairs and other volunteers in key positions.

BRIG GEN BOWLING, CAP, moved and COL BESS, CAP, seconded a motion that the Board of Governors approves the Civil Air Patrol FY03 Financial Plan (Corporate Budget, 9 Aug 02).

Action:

THE MOTION CARRIED UNANIMOUSLY. This item is CLOSED.

Civil Air Patrol Board of Governors

17 August 2002 – 1:00 p.m.
Salon B
Philadelphia Marriott Hotel
Philadelphia, Pennsylvania

MINUTES

5. Next Meeting

Issue:

Board of Governors interim executive secretary, Col J. Scott Hamilton, CAP recommended that the next meeting of the BoG be held on Tuesday, 3 December 2002 at 9:00 a.m., at the Marriott Crystal Gateway Hotel, Arlington, Virginia.

Discussion:

It was noted that airfares are generally more expensive in the middle of the week without a Saturday overnight, and that to date, all of the BoG meetings have been held in the eastern part of the country.

The chairman stated that for the next year he would propose alternate locations for some of the BoG meetings, which might serve to expand the members' experience base, even in conjunction with a race to get a first-hand look at the NASCAR venture.

Action:

THE BOARD OF GOVERNORS AGREED TO HOLD ITS NEXT MEETING ON TUESDAY, 3 DECEMBER 2002 AT 9:00 A.M., AT THE MARRIOTT CRYSTAL GATEWAY HOTEL, ARLINGTON, VIRGINIA. This item is CLOSED.

Civil Air Patrol Board of Governors

17 August 2002 – 1:00 p.m.
Salon B
Philadelphia Marriott Hotel
Philadelphia, Pennsylvania

MINUTES—ANY OTHER BUSINESS

6a. Inspector General Briefing

Issue:

Col Duddly Hargrove, CAP, Inspector General, stated that a legitimate means of communication has never been established to and from the Inspector General, the Board of Governors, the National Board and the National Executive Committee.

Discussion:

Col Hargrove, CAP, specifically, requested the BoG to establish an avenue whereby he may be able to communicate with the BoG and the BoG may be able to communicate with him, through an annual or semi-annual report or through the Executive Secretary.

It was noted that in the past there had been some misunderstandings between the National Commander and the Inspector General, but that those issues had been resolved. There was a suggestion that a document be prepared that clearly outlines exactly what the IG is authorized to do in order to avoid future misunderstandings. Also, the CAP Constitution and Bylaws spells out duties of the Inspector General.

The BoG tasked the National Headquarters staff to work this issue, prepare a written document and bring it back for BoG approval.

Action:

This item is OPEN.

Civil Air Patrol Board of Governors

17 August 2002 – 1:00 p.m.
Salon B
Philadelphia Marriott Hotel
Philadelphia, Pennsylvania

MINUTES—ANY OTHER BUSINESS

6b. Consent Action on Litigation (Between June 02 and August 02 Meetings)

Issue:

The chairman stated that the BoG gave a prerogative to the Civil Air Patrol Corporation, specifically, the executive director, to take a particular action, if necessary. That action was not necessary and the case has been resolved to CAP's favor.

Col Hamilton, CAP, Interim Executive Director, added that the case was not resolved in negotiations. The case went to jury trial and CAP won.

Discussion:

Action:

This item is CLOSED.

Civil Air Patrol Board of Governors

17 August 2002 – 1:00 p.m.
Salon B
Philadelphia Marriott Hotel
Philadelphia, Pennsylvania

MINUTES—ANY OTHER BUSINESS

6c. Civil Air Patrol Point of Contact on the Air Staff

Issue:

Maj Gen Schmidt, USAF, stated that following the events of 9-11 and the appointment of Governor Ridge, Director of Homeland Security, homeland security has become all-important in considering how to defend the homeland. All the agencies that are tied to domestic or civil kinds of things to the government, particularly the Air Force, have been collated together under a new directorate on the Air Staff—Air Staff Directorate of Homeland Security, XOH—directed by Brig Gen David E. Clary. He reported that the Secretary of the Air Force and the USAF Chief of Staff have agreed that it makes good sense to move the working relationship that Civil Air Patrol has with HQ USAF/XOO to the Homeland Security/Homeland Defense Office. He added that Brig Gen Clary, hopefully, will attend the next meeting of the BoG to more fully define the office and what the concept looks like.

Discussion:

Action:

No action required. This item is CLOSED.

Civil Air Patrol Board of Governors

17 August 2002 – 1:00 p.m.
Salon B
Philadelphia Marriott Hotel
Philadelphia, Pennsylvania

MINUTES—ANY OTHER BUSINESS

6d. Line of Credit for Civil Air Patrol

Issue:

It would be advantageous to Civil Air Patrol to have the approval of the BoG to investigate obtaining a line of credit with Regions Bank in order for the corporation to execute several major purchases within the next few weeks, including a major vehicle buy that is almost \$1.9M. The Air Force will not allow CAP to obtain these funds on an advance basis. There are several other purchases that are almost as large in scope, as well. Reimbursement typically takes 15 working days (or 3 weeks). CAP does not have the cash flow to meet these expenses if they all come due at the same time or if reimbursement is held up for any reason.

Discussion:

There was a suggestion that instead of naming Regions Bank, that the line of credit be established with a bank that brings the most competitive price. It was explained that Regions Bank is used for all other CAP banking transactions. There was also clarification, that the Air Force will not authorize advance payments for the types of purchases described here. Further, the line of credit would be used for purchases other than reimbursed items. Signature requirements, time limits and the amount for the line of credit were also discussed.

COL WHELESS, CAP, moved and DOCTOR PAYTON, seconded a motion that the BoG approves a line of credit for Civil Air Patrol, to be signed by the CAP National Commander, Executive Director and Director of Finance, for 90 days, not to exceed \$5M, with a pay back at a rate competitive with other banks in the vicinity. And, that any such withdrawals against such line of credit be reported to the BoG at its next succeeding meeting.

Action:

THE MOTION CARRIED UNANIMOUSLY. This item is OPEN.

Civil Air Patrol Board of Governors

17 August 2002 – 1:00 p.m.
Salon B
Philadelphia Marriott Hotel
Philadelphia, Pennsylvania

MINUTES

7. Executive Session

Issue:

Civil Air Patrol National Headquarters employment issues.

Discussion:

Closed session.

Action:

EXECUTIVE SESSION INFORMATION NOT PUBLISHED.

APPENDIX A

Civil Air Patrol MARKETING PLAN Revised August 16, 2002

The following plan has been prepared based on lessons learned and knowledge gained in the first six months of CAP's participation in the Busch Grand National Series. The plan incorporates a multi-level, integrated strategy designed to meet program goals and effectively reach target audiences utilizing proven marketing techniques. Figures, estimates and projections contained in the document are based on assumptions contained herein. Prepared by: National HQ Marketing and Public Relations Directorate.

CAP Racing Program Marketing Plan

1.0 Executive Summary

The purpose of the CAP Racing Program is to utilize the NASCAR Busch sponsorship to enhance ongoing efforts to inform internal and external audiences of Civil Air Patrol's national importance; enable the organization to grow; and strengthen relationships with key audiences and customers.

The CAP Racing Program provides valuable exposure through the racing venue itself; however, in order for the program to be truly successful, the racing sponsorship must be coordinated with a comprehensive, well-planned marketing effort on and off the track.

Utilizing the experiences and learning curve that we have experienced during the first six months of the 2002 racing season, we will implement our new marketing focus, made explicit in this plan, which renews our vision and strategic focus on maximizing the exposure and revenue-producing opportunities afforded by the CAP Racing sponsorship.

1.1 Vision

CAP Racing was launched as a marketing program with a dual objective, to exponentially increase CAP's visibility in the community at large and to provide a vehicle for attracting corporate sponsorship and/or donations as a revenue-producing channel for the organization.

At this point in the program, we stand on the premise that the concept for exposure is a good avenue by which to remove CAP's stigma as a "best kept secret." Further, NASCAR demographics are strong and compatible with CAP. Finally, there appears to be strong synergy between CAP and the Lewis Motorsports racing team. The team is family oriented and provides excellent representation for CAP, combined with strong driver skills and ability to contend for top finishes and increased exposure. For the program to be successful, team performance is critical as the amount of exposure received depends on the running and finishing position of our team in each race.

1.2 Objectives

All program objectives (exposure, sponsorship, merchandise sales, membership drives and revenue production) are contingent upon race team performance.

- A. Establish a targeted and cohesive branding strategy of CAP to be presented through the NASCAR channel.
- B. Secure broad visibility and exposure for CAP. This is one of the primary benefits of motor sports sponsorship. The racing venue provides broad exposure at relatively low cost (when compared to standard advertising rates).
- C. Achieve increased growth in membership (increase membership incrementally by 5 percent through NASCAR channel, over and above current membership drive and recruiting efforts).
- D. Procure corporate sponsorships by opening doors in the “NASCAR family.” Sponsorships will cover a large portion of CAP’s commitment to Lewis Motorsports for CY 2003 and 2004.
- E. Utilize the NASCAR environment to create additional strategic alliances and to enhance CAP’s ability to solicit contributions and/or donations for the organization (for the purposes of this plan, this is an indirect benefit of the program and is not included in revenue projections).

1.3 Program-To-Date Status

To-date, the CAP Racing Program has not generated the sponsorship opportunities or the revenue that were originally forecast. This is due to the fact that the initial forecasts were based upon the original marketing presentation and thereby overly aggressive and unrealistic. In addition, the marketing plan associated with the program has not been implemented or executed with optimum efficiency by the retained consultant or national staff.

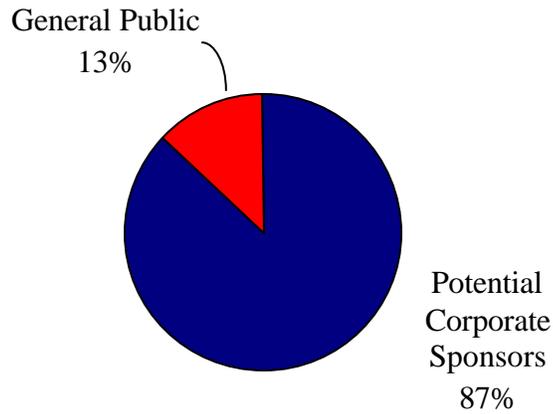
Historically, motor sports sponsorship has been a venue for advertising and exposure, not profit generation. While the potential for profit through the individual sponsorships and merchandise sales exists, without supporting empirical data, it was necessary to re-evaluate the contracted program operation and management (Camp & Associates). Thereby, it is recommended that an in-house managed strategy to maximize exposure and revenue generating opportunities be utilized as outlined herein.

2.0 Target Markets

The CAP Racing Program targets 2 distinct groups:

1. Potential corporate sponsors/donors
2. General public

CAP is courting potential corporate sponsors to support the racing efforts while individuals are targeted for CAP membership, individual sponsorships (donations) and merchandise sales. Because the greatest revenue potential lies with corporate sponsors, this market should be targeted most heavily with promotional efforts and marketing dollars.



2.1 Target Market Segment Strategy

There is a definite crossover between the two markets. For example, advertising dollars spent on broadcast, print and internet media will not only reach the general public, but will reach potential corporate sponsors and will serve to provide an attractive marketing package which will draw those sponsors.

In approaching both markets, we will project a cohesive message, which clearly defines CAP's missions and value to the country and the community at large. Although the CAP Racing Program provides value as a vehicle through which to spread this message, it is important that corporate sponsors and the general public understand CAP's intrinsic value. They will join or invest in the organization because of this value as well as because of the promotional value of the racing program.

2.2 Target Market: Corporate Sponsors

CAP will seek potential corporate sponsors based on the following criteria:

- A. Companies that recognize the value of the branding and exposure provided by motor sports.
- B. Companies with an interest in sports marketing venues.
- C. Companies who have shown interest and support of CAP missions in the past.
- D. Companies with which CAP members and/or leadership have pre-existing relationships.
- E. Companies with marketing and promotions budgets substantial enough to incorporate an additional promotional channel such as motor sports.
- F. Companies with missions, products and services compatible with CAP.

2.2.1 Needs and Requirements

Potential corporate sponsors will be attracted to a CAP Racing sponsorship opportunity for three main reasons:

1. The exposure that will be afforded their organization through sponsorships and a presence on the racecar.

2. The networking opportunities with other racing sponsors afforded by their CAP Racing sponsorship.
3. The opportunity to support the deserving missions of CAP.

Corporate sponsors can participate in the program through sponsorships including representation on the car itself and in the promotional events/strategies surrounding the race program. They can participate on a lesser level by purchasing individual sponsorships (up to \$500 and outlined on the autograph card that the driver signs, as well as on line) to support the organization without being represented in the racing program itself.

2.2.2 Marketing Channels

For the corporate sponsorship marketing initiative to be successful, it requires more hands on, face-to-face communication with potential sponsors, as well as more carefully planned activities surrounding potential corporate sponsors.

1. Traditional Advertising

- a. Traditional advertising encompasses broadcast, print, web, radio and direct marketing all of which are fully discussed in Section 2.3.2.
- b. Traditional advertising provides exposure of CAP, which is necessary to attract corporate sponsors as well as interested individuals. Traditional advertising is an indirect channel relative to corporate sponsorships in that it provides exposure, but does not contain a “call to action” for sponsorship.
- c. The call to action is accomplished through personal communication—either written or verbal—with supporting marketing materials as outlined below.

2. Client Hospitality (on-track)

- a. Establish a master list of potential corporate sponsors.
- b. Cross-reference with the race venues for the season.
- c. Call and/or send letter of invitation to corporate prospect well in advance of the race (4 to 6 weeks).
- d. Purchase tickets to hospitality suite at least 30 days in advance of race.
- e. Use hospitality suite to network with other potential corporate partners.
- f. Establish a follow-up plan to prospect after race to schedule meetings.

3. Corporate Presentations

- a. Establish the optimum number of corporate presentations that will be made on a monthly/quarterly basis.

- b. Coordinate meetings with race venues whenever possible.
- c. Schedule multiple meetings in a single area when feasible.
- d. Leverage appropriate CAP members and/or contacts to attend these meetings for re-enforcement and personalization.
- e. Presentation materials.
 - 1. Current sponsorship information in the form of a PowerPoint presentation current exists, and a printed race program brochure will be developed to support these presentations.
 - 2. Prepare written (hard copy) proposal to leave behind, as well as a copy of the PowerPoint presentation.
 - 3. Review and update these materials as needed.
 - 4. Ensure that marketing materials include specifics of benefits of sponsorship and particularly partnering with the CAP Racing team.

4. Off-track events

- a. Coordinate off-track events with volunteer members whenever possible in race venues.
- b. Ensure the presence of potential sponsors as well as CAP personnel and media in off-track events.

2.2.3 Competitive Forces

There are many opportunities for motor sports sponsorships. Thus, sponsors will be drawn to CAP's team by:

- 1. Outstanding performance of the race team itself.
- 2. Support of CAP's missions and viability as a non-profit organization.

2.2.4 Communications

Although advertising channels, mail and sponsorship packages will be used to support the corporate sponsorship candidates, this target audience requires verbal and face-to-face communication and networking to be successful.

Because CAP is asking corporate sponsors to commit substantial dollars to the CAP Racing Program, it is reasonable to expect a sponsorship deal to take 3-8 months from initial contact to come to fruition. Thus, it is critical to maintain consistent communication with prospective sponsors, and to give them a good amount of exposure to the racing product through hospitality and on-track events.

Included in the sponsorship package will be compelling information relative to CAP's missions and importance to aerospace education of youth, building leadership skills in youth, search and rescue, disaster relief, counter drug and homeland security initiatives.

2.2.5 Keys to Success

In order to maximize the effectiveness of the corporate sponsorship program, CAP will:

1. Leverage existing relationships and contacts:
 - a. Verbally contact CAP leadership at the national, region, and wing level to determine what existing relationships may be tapped for sponsorships. If this contact cannot be accomplished at periodic CAP functions (e.g., conferences), verbal contact will be made by phone.
2. Make a list of CAP vendors/suppliers and their competitors for further contact.
3. Analyze companies that currently sponsor racecars and develop a list of like-type companies that may be interested in sponsorship.
4. Utilize a sales/status report to maintain constant oversight of the status of each corporate sponsorship lead (see attached example).
5. Establish performance metrics for obtaining corporate sponsors including (a) appropriate number of new contacts to be made on a weekly and monthly basis and (b) the targeted number of face-to-face meetings to be accomplished within a set period of time.
6. Conduct weekly/monthly review meetings with CAP national leadership and marketing team to review status and progress of sponsorship efforts.

2.3 Target Market: General Public

The CAP Racing Program targets the general population for four reasons:

- A. To increase exposure of CAP and the value of its missions.
- B. To obtain incremental CAP memberships (over and above current membership activities).
- C. To gain support of CAP through associate sponsorships.
- D. To sell CAP Racing merchandise.

2.3.1 Needs and Requirements

Awareness of the CAP Racing Program and CAP's missions will be created through a repetitive, integrated marketing strategy using multiple channels. In order to generate enthusiasm in the general public, the team will have to perform strongly on the track to increase visibility.

2.3.2 Marketing Channels

1. Print media

- a. Current Venues:
 - Aviation magazines-newspapers-newsletters
 - Racing/sports magazines-newspapers
 - Military magazines-newspapers
 - General – AP, USA Today, etc.
- b. De-emphasize racing publications and include general readership and corporate publications.
- c. Newspaper advertising in each race venue.
 - Good luck Ashton, from local CAP, etc.
 - Coupons for merchandise at the race
- d. Include a call to action and website address in all print media and collateral.
- e. Utilize press releases to local print media in addition to web advertising.
- f. In addition to press releases, provide editorial content to racing magazines, local publications, newspapers, etc.

2. Electronic media (web)

- a. Current Venues:
 - Thatsracin.com
 - BGN racing.com
 - CAPRACETEAM.Com
 - NASCAR.com
 - AVWEB
- b. Improve search engine presence.
- c. Promote on-line merchandise ordering.
- d. Create on-line individual sponsorship applications.
- e. Make ordering & applications readily available at points of race result updates, weekly press release postings, etc. where return readers will go first.
- f. Ensure that a Counter exists of web hits and tracking of which pages are accessed.
- g. Continue to place strategic banner advertising.

3. Broadcast media

a. Broadcast Opportunities

- Weekly race schedule
- Schedule special appearances on motor sports related shows
- Interviews during races, i.e. rain delays, placing in top 10
- Racing Show Interviews/Coverage
- PSA's (local and national/network) – This will be a large piece of our strategy because once production is complete, PSA's are aired gratis.
- Public interest stories (in local race venues)
- Local cable affiliates
- Radio (excellent media that is less expensive than television)
 - Look at country, oldies, and classic rock stations
 - Advertising in race venues
 - Coupons give-aways
 - Ticket give aways
 - Driver Interview

b. Media Contact Plan

- The strategy with local and national media will be more consistent and include more verbal and face-to-face contact in addition to press kits
- National media relationships (FOX, TNT, NBC)
- Press kit
- Phone calls prior to race weekend
- Visit on race weekend to meet the local media and provide giveaway for reminder (e.g., coffee mug)

4. Event Promotions

a. Race venue planning

- Establish a rolling 2-3 week schedule for each venue (in addition to prior event planning) which includes:
 - Contacting local CAP leadership
 - Coordinating appointments with prospective sponsors and/or media with the help of the local leadership
 - Schedule driver appearances at local events
 - Secure hospitality tickets for prospective sponsors where appropriate
 - Sending press releases
 - Mailing press kits
 - Providing local human interest stories to the media
 - Following up with media representatives and hospitality guests by phone
 - Meeting with local media on race weekend
 - Coordinating on-track presence with cadets/senior members

- b. On Track Hospitalities
 - Although corporate hospitality is critical to the success of the program, race exposure will be expanded to include select midway displays where affordable, opportunities to participate in pre-race festivities, etc.
- c. Midway kiosk (select venues, where affordable)
 - Cadet presence
 - On air opportunities during opening ceremonies, e.g. cadet honor guards
- d. Off Track
 - Show Car – The show car is a major expense to the program and exposure value cannot be determined at this point. Therefore, it is recommended that the show car be eliminated from the program after the 2002 season.
 - While off-track events are important, they can be planned without the show car using
 - Existing CAP booth and tabling resources
 - Newly created resources (which can be created for far less than the \$300,000 show car expense)
 - Driver appearances/speaking engagements
 - Planned community events supported by the local CAP unit

5. Internal CAP Promotion

- a. In order to effectively utilize the volunteer resources, they must be educated about and supportive of the CAP Racing effort.
- b. In addition to existing CAP News articles, NASCAR Promotions Packets will be sent to each unit with a personalized letter stating how local support is needed and desired to make the program a success.
- c. Establish an additional recruiting contest (to expand on existing efforts) to sell individual sponsorships with an attractive prize (e.g., winner to receive an all-expense paid race weekend for 2 at Daytona next February).

2.3.3 Competitive Forces

- 1. Other sports
- 2. Other racing teams
- 3. Winston cup
- 4. Indy racing
- 5. In order to combat these competitive forces effectively
 - a. Team must perform on the track so visibility must be high.

- b. Capitalize on the charisma of the driver.
- c. CAP must demonstrate why it is a “worthy” cause/partner.

2.3.4 Communications

1. Each of the marketing channels described above will carry a consistent, persuasive message about CAP and CAP Racing.
2. CAP will leverage its internal resources to “talk up” the benefits of the CAP Racing Program.
3. New information will be constantly communicated in weekly press releases and on the website to keep interest and enthusiasm in the program high.
4. In addition to traditional paid marketing channels, CAP will take advantage of every opportunity to utilize “free” exposure in the form of PSAs, editorial articles submitted for publication, interviews, etc.

2.3.5 Keys to Success

The main key to success is in broadcasting a continual, consistent message that brings CAP into the consciousness of individuals and corporations in the public sector.

3.0 Marketing Plan Strategy

The following plan is designed to maximize the potential of the remainder of the 2002 Racing Season and to create a cohesive implementation plan for 2003.

3.1 Overall Strategy

- A. Coordinate CAP Racing marketing activities with existing initiatives including promotions, advertising and membership drives including
 1. Trade shows
 2. Reciprocal and pro-bono advertising agreements
 3. Press Releases/news articles
 4. Feature articles, emphasizing human interest
 5. Website improvement
 6. CAP News distribution
 7. Special Events
 8. Public service announcements
 9. Ongoing recruiting campaigns
- B. Utilize volunteer resources and leverage local, wing, regional and national relationships with media, corporations and the public to enhance the marketing activities wherever possible. One of the best ways to defray personnel costs is to leverage the human resources of the organization itself.
- C. Leverage region/wing PAO and media contacts.

- D. Leverage free press in the form of PSAs, articles, press releases and interviews at every opportunity.
- E. Mass distribution of press kits.
- F. Call media in each race area after press kits is sent and prior to race weekend.
- G. Meet with targeted members of the media at race venues.
- H. Tie in local CAP affiliation in each area to leverage community interest angle. Provide weekly e-mail/fax releases to the press contacts with fresh information and local “human interest” tie in about CAP.
- I. Include contact information including web address in all messages and a call to action where appropriate.

3.2 Remaining 2002 Strategy

- A. Maximize potential leads to obtain commitments for sponsorship from any pending sponsorship candidates for the 2003 season.
- B. Create a strong invitation list for prospect hospitality and make verbal contact as soon as possible.
- C. Plan for a strong end-of-year presence at Homestead.

3.3 2003 Planning Timeline

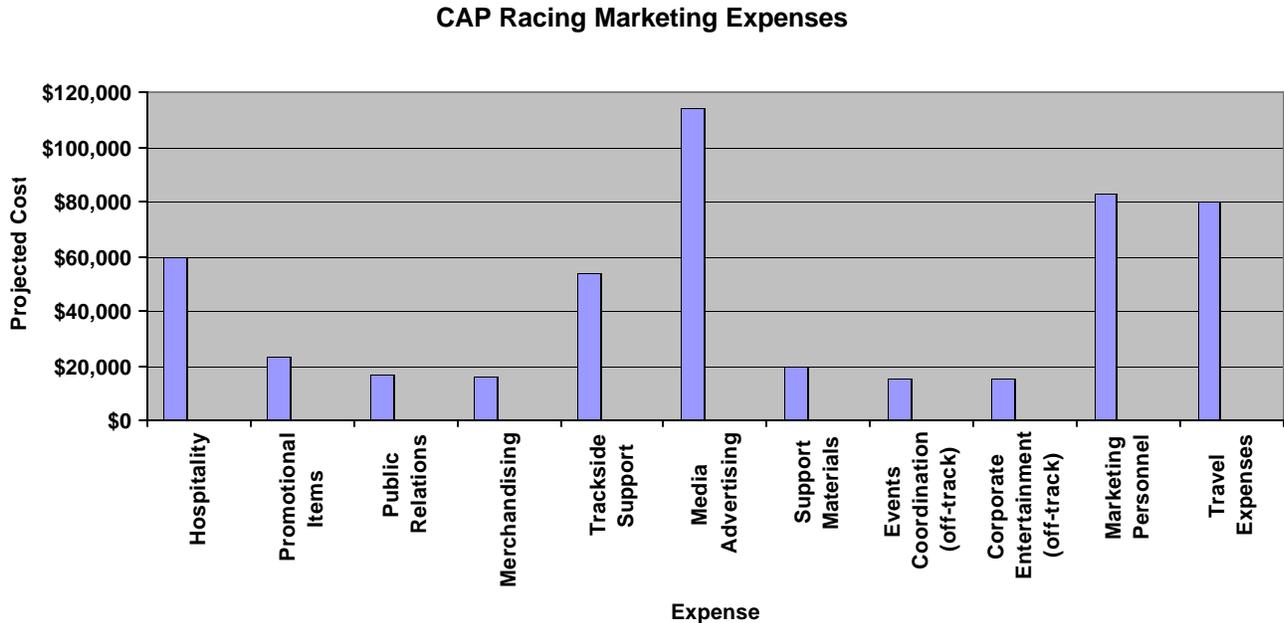
- A. Prospect hospitalities – 80% of races
- B. Midway Presence where affordable, research completed by Oct. 30
- C. 2 week rolling preparation for each race (exclusive of hospitality planning already in progress)
- D. Potential sponsor shortlist
- E. Meetings and events schedule

4.0 Expense Budget Summary

To date, \$2,837,500 has been spent on the NASCAR effort, with an additional payment of \$500,000 due in September. This has yielded strong exposure, yet has not generated the expected membership or revenues. At this juncture, it is not feasible to believe that the program will “pay for itself” or generate an overall profit for CAP. We believe over the course of the projected three year term, it is feasible to generate revenues to cover 68% of the cost. Under this assumption, CAP could garner the benefit of three years of exposure with a potential value of \$9 million plus and have the opportunity to maximize corporate sponsorship, fundraising and membership drive opportunities for roughly the amount that is currently invested.

4.1 Cost-Saving Opportunities

- A. Fifty percent or half a million dollars of the consulting fee is eliminated by bringing the marketing effort in-house.
- B. Eliminate Show Car (included in the consultant's fee)



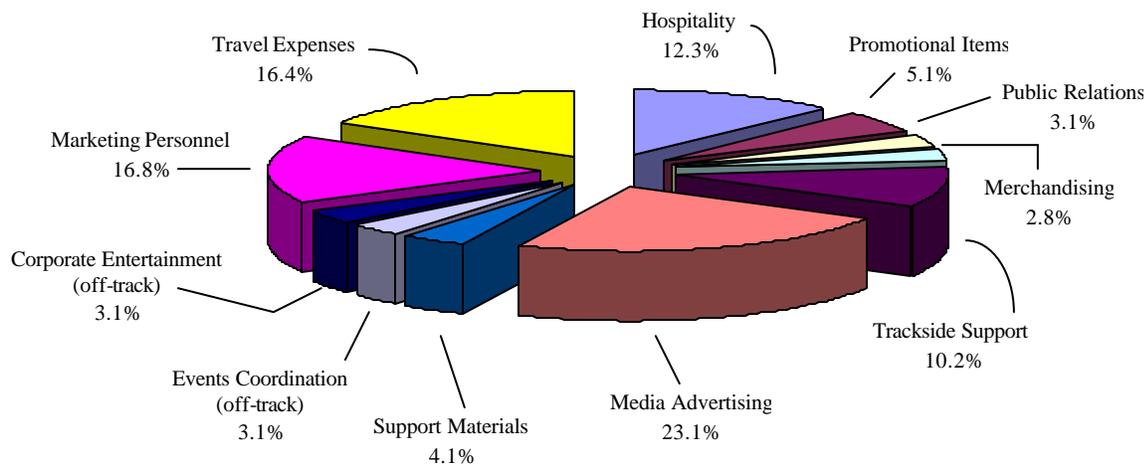
4.2 Expense Budget by Type

If the CAP Racing Program is brought in house totally, there will be a significant cost for qualified, dedicated personnel to manage the program. 16% of personnel costs are demonstrated in this sample budget. The bulk of personnel costs are in the corporate marketing budget for a fundraiser and assistant which if added to this budget would make the overall personnel costs 35%. Experienced motor sports marketing personnel will be hired to fill these positions to get the program fully operational as soon as possible. Appropriately, travel and media advertising are the next largest segments of the marketing budget as they are vital to the effort of gaining corporate sponsorship as well as to bringing CAP to the attention of the general public.

Expense	Est. Amount	% of Budget*
Hospitality	\$ 60,000	12.3%
Promotional Items	\$ 25,000	5.1%
Public Relations	\$ 15,000	3.1%
Merchandising	\$ 13,500	2.8%
Trackside Support	\$ 50,000	10.2%
Media Advertising	\$112,500	23.1%
Support Materials	\$ 20,000	4.1%
Events Coordination (off-track)	\$ 15,000	3.1%
Corporate Entertainment (off-track)	\$ 15,000	3.1%
Marketing Personnel	\$ 82,000	16.8%
Travel Expenses	\$ 80,000	16.4%
TOTAL	\$488,000	100.0%

*Excluding Team Sponsorship Cost

Expenses as a % of Marketing Budget



5.0 Sales Forecast

One of the greatest financial benefits of the CAP Racing Program is the amount of advertising exposure that is realized from the endeavor. To date, the program has yielded in excess of \$2.5 million in advertising exposure (calculated at standard published advertising rates). This exposure is particularly valuable in that it comes in the form of a “feature” presentation, that is the race itself, rather than in the form of commercials, which are often discounted by the viewing public. This benefit has not been factored into the revenue projections outlined below.

A further benefit of the program is its ability to promote the general fundraising efforts of the organization. Hospitality venues can provide direct access to potential donors to CAP as well as to potential sponsors for the racing program.

Exclusive of the dollar value of exposure gained, the potential ability to earn revenue from the CAP Racing Program is indicated below.

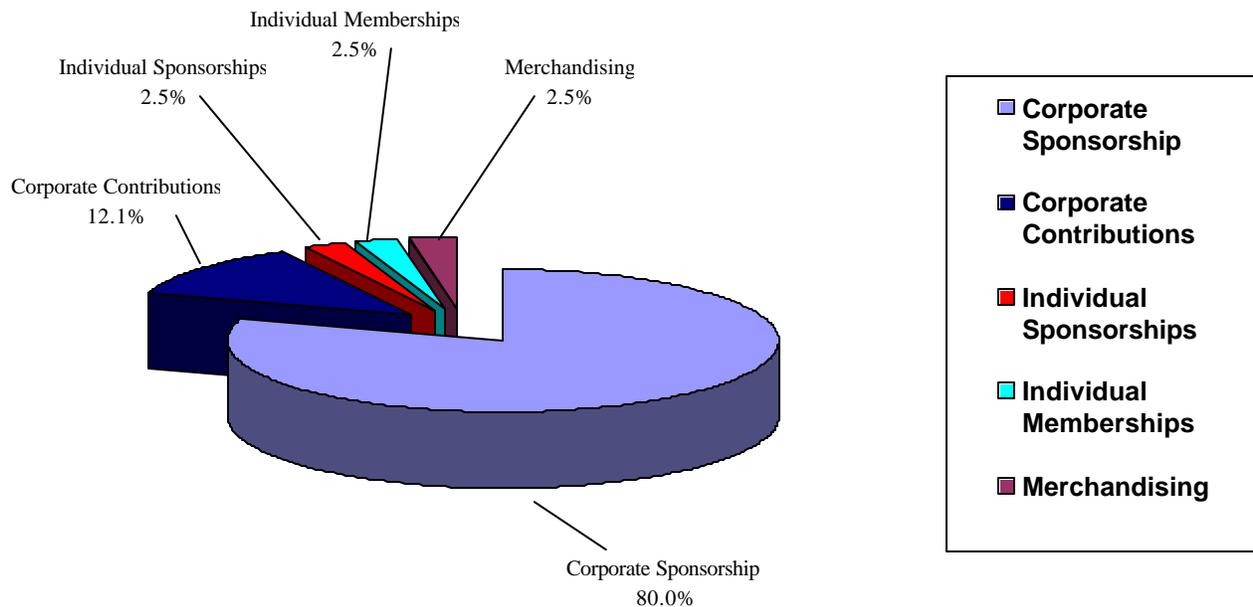
Estimated Revenue Forecast

Revenue Source	2002	2003	2004	Total	% of Total Revenue
Corporate Sponsorship	\$ 100,000	\$ 2,100,000	\$ 2,750,000	\$ 4,950,000	80.0%
Corporate Contributions	\$ -	\$ 250,000	\$ 500,000	\$ 750,000	12.1%
Individual Sponsorships	\$ 4,000	\$ 50,000	\$ 100,000	\$ 154,000	2.5%
Individual Memberships	\$ 5,000	\$ 50,000	\$ 100,000	\$ 155,000	2.5%
Merchandising	\$ 5,000	\$ 50,000	\$ 125,000	\$ 180,000	2.9%
Revenue Totals	\$ 114,000	\$ 2,500,000	\$ 3,575,000	\$ 6,189,000	100.0%
Est. Expenditures	\$ 3,500,000	\$ 2,488,000	\$ 3,488,000	\$ 9,476,000	
Profit	\$ (3,386,000)	\$ 12,000	\$ 87,000	\$ (3,287,000)	

These projections are provided for demonstrative purposes only and are based upon empirical data from other race programs. They will serve as goals for the marketing team.

5.1 Sales Forecast by Type

Revenue % by Source



6.0 Measurement and Comparison

Overall, we plan to spend \$488,000 or approximately 16% (2003), 13% (2004) of the total annual CAP Racing budget on marketing and management of the CAP Racing Program. Traditional industry wisdom recommends that the marketing budget be close to 100% of the sponsorship amount in order to be effective. However, we believe that we can accomplish the stated goals outlined in this plan on the stated budget. To ensure that the metrics are met on a consistent basis, a monthly review of memberships, merchandise sales, corporate sponsorships and expenditures will be conducted at a time and place mutually agreed upon by the CAP leadership and marketing department.

The following measurement tools will be put into place as ramping-up in staffing allows:

- A. Rolling monthly (P & L) plan for CAP Racing including revenue projections beyond current contracts.
- B. Advertising exposure analysis by month.
- C. Team performance analysis including race placements.
- D. Annual events calendar and estimated associated costs for each event.
- E. Potential sponsorship pipeline and status report, including scheduled meetings.
- F. Media plan with placement schedule and associated costs.
- G. Editorial and press release schedule.
- H. Schedule for contacting internal CAP leadership for CAP Racing support.

7.0 Marketing Organization

To date, the marketing efforts have been left largely to Camp & Associates, a sports marketing company, with disappointing results. The plan as outlined can be achieved without this external company, if desired.

Briefly, outlined, internal operations would require the addition of two marketing specialists (on a full-time employee or full-time consultant basis), one senior level, one support level plus one administrative support staff person.

Chief, CAP Racing Program: This individual needs to be of executive level and capable of interacting and meeting with high-level executives. The individual is to be present at race venues where corporate hospitality and high level networking opportunities are available. This individual will also arrange potential sponsorship meetings, prepare and make presentations and attend off-track events. This person will be solely responsible for securing corporate associate sponsorships and/or corporate contributions. Further, this individual is responsible for event planning, media planning and placement, interaction with corporate sponsors, coordination with existing CAP marketing plans, etc.

CAP Racing Manager: This individual is responsible for supporting all aspects of the program, attending race venues, coordinating events and schedules, creating materials collateral with the support of CAP's in-house resources, press releases, and providing public relations support for race driver at the track and other related venues.

Administrative Assistant: Support staff.

Support: The in-house initiative will require support from all other CAP functional areas.

APPENDIX B

CAP NASCAR MARKETING PLATFORM

SUMMARY OF CONTRACT RENEGOTIATIONS

14 AUG 2002

Lewis Motorsports, LLC:

Deadline to opt out of 2003 and 04 racing seasons extended to 1 Sept 02.
Added another opportunity to opt out of 04 season by 1 July 03.

Financial:

Primary sponsorship fees reduced by:

Installment due 10 Dec 02	\$500,000
Installment due 10 Dec 03	<u>250,000</u>
Total Lewis reduction	\$750,000

Camp & Associates, Inc:

Consulting agreement terminated effective 13 Aug 02.

CAP to reimburse Camp for hats sent to Annual Conference (\$5,200), contract for merchandise hauler through end of 02 racing season (\$3,750), plus cost of show car for this conference (approximately \$6,000).

No further payments due from CAP to Camp, reducing consulting costs by:

Installment due 1 Sept 02	\$ 168,500
Total for 03 season	1,035,000
Total for 04 season	<u>948,750</u>
Total Camp reduction	\$2,152,250

Camp to refund to CAP:

\$150,000 if BoG does not now elect to opt out of Lewis Motorsports contract for 03 & 04 racing seasons.

\$50,000 if BoG does now elect to opt out of Lewis Motorsports contract for 03 & 04 racing seasons.

Camp to cooperate fully with CAP to assure a smooth transition of program management.

Net effect:

Cost reductions:

Total Lewis	\$ 750,000
Total Camp	<u>2,152,250</u>
Total	\$2,902,250

Refunds to CAP from Camp:

If Lewis K continues	\$ 150,000
If Lewis K ends w/02	50,000

CAP owes Camp approximately \$14,950, either way.

Net effect if CAP does not now opt out of Lewis Motorsports contract for 03 & 04:

Total cost reductions	\$2,902,250
Total refund	<u>150,000</u>
	\$3,052,250
Less costs owed	<u>- 14,250</u>
Net cost reduction	\$3,038,000

APPENDIX C

FY03 FIN PLAN

CIVIL AIR PATROL

CORPORATE BUDGET

9 Aug 02

Assumptions: Staff considers this to be a realistic budget projection, barring significant continued economic decline. Estimate is based upon empirical data from other NASCAR sponsorship programs. Revenue is projected at \$2,500,000 from outside sources.

INCOME (Estimated):

MEMBERSHIP

Seniors	37,095 @ \$30 (Basis 35,668 as of Mar 02 plus projected 4% increase)	\$1,112,850
Cadets	25,980 @ \$20 (Basis 24,742 as of Mar 02 plus projected 5% increase)	\$519,600
ROTC	\$15 per affiliate membership plus \$350 Training & Admin Fee per CAP unit	\$92,470

VEHICLE SELF-INSURANCE – Offset by an expense account and is revenue neutral \$35,265

NATIONAL BOARD – Offset by an expense account and is revenue neutral \$117,500

NCASE – Offset by an expense account and is revenue neutral \$80,000

INTEREST & MISC INCOME –

Interest from bank & credit card accounts, membership contributions, CAP News subscriptions, HQ aircraft rental, advertising income, undesignated contributions, etc. \$177,250

NASCAR MARKETING PLATFORM – Revenue Projections – Corp Sponsorships (\$2.1m), Corp Contributions (\$250k), Indiv Sponsorships (\$50k), Indiv Memberships (\$50k), Merchandising (\$50k) \$2,500,000

DEPOT – Projected loss of income of -\$79,170 – DoDGARS prevents admin functions of CAP to incur excess revenue from purchases using federal funds. (Operating Expenses = \$660,065) \$580,895

BOOKSTORE – Projected gain of \$75,000 by external audit agency generated CAP Inc. financial statements (Operating expenses = \$1,078,345 as indicated in Account Description) \$1,153,345

TOTAL INCOME: \$6,369,175

EXPENSES (Estimated): \$6,369,175

BALANCE \$0

FY03 FIN PLAN

CIVIL AIR PATROL

**CORPORATE BUDGET
9 Aug 02**

Account Description	FY02 Budget	FY03 Request	FY03 Recomm
National Officer Travel			
Travel expenses for official CAP business			
Dept 005—National Commander	\$20,000	\$20,000	\$20,000
--IACE President Travel – NC President of IACE	\$3,000	\$3,000	\$0
--Directed travel—other needed for official business	\$5,000	\$90,000	\$73,000
Dept 010—National Vice Commander	\$16,000	\$16,000	\$16,000
Dept 015—Chief of Staff	\$11,000	\$13,000	\$13,000
Dept 020—National Finance Officer	\$4,000	\$4,000	\$4,000
--Investment program administrative expenses	\$2,000	\$0	\$0
Dept 025—National Controller	\$4,000	\$4,000	\$4,000
Dept 030—National Legal Officer	\$4,000	\$4,000	\$4,000
Sub Total	\$69,000	\$154,000	\$134,000

	FY02 Budget	FY03 Request	FY03 Recomm
CAP Regions			
Provides command and control of recourses for assigned Wings.			
Dept 035—Northeast Region Commander Travel expenses needed for official business	\$5,500	\$7,500	\$7,500
--Northeast Region Operating Fund for administrative expenses	\$10,000	\$10,000	\$10,000
Dept 040—Middle East Region Commander Travel expenses needed for official business	\$5,500	\$7,500	\$7,500
--Middle East Region Operating Fund for administrative expenses	\$10,000	\$10,000	\$10,000
Dept 045—Great Lakes Region Commander Travel expenses needed for official travel	\$5,500	\$7,500	\$7,500
--Great Lakes Region Operating Fund for administrative expenses	\$10,000	\$10,000	\$10,000
Dept 050—Southeast Region Commander Travel expenses needed for official travel	\$5,500	\$7,500	\$7,500
--Southeast Region Operating Fund for administrative expenses	\$10,000	\$10,000	\$10,000
Dept 055—North Central Region Commander Travel expenses needed for official travel	\$5,500	\$7,500	\$7,500
--North Central Region Operating Fund for administrative expenses	\$10,000	\$10,000	\$10,000
Dept 060—Southwest Region Commander Travel expenses needed for official business	\$5,500	\$7,500	\$7,500
--Southwest Region Operating Fund for administrative expenses	\$10,000	\$10,000	\$10,000
Dept 065—Rocky Mountain Region Commander Travel expenses needed for official business	\$5,500	\$7,500	\$7,500
--Rocky Mountain Region Operating Fund for administrative expenses	\$10,000	\$10,000	\$10,000
Dept 070—Pacific Region Commander Travel expenses needed for official travel	\$5,500	\$7,500	\$7,500
--Pacific Region Operating Fund for administrative expenses	\$10,000	\$10,000	\$10,000
Sub Total	\$124,000	\$140,000	\$140,000

FY03 FIN PLAN

CIVIL AIR PATROL

**CORPORATE BUDGET
9 Aug 02**

	FY02 Budget	FY03 Request	FY03 Recomm
Chaplain Service			
Program management of 675 Chaplains providing ministry to senior and cadet members, critical incident stress counseling, and moral leadership guidance.			
Dept 075—National Chaplain Travel – Expenses for official business	\$5,800	\$10,000	\$10,000
--Dean of Chaplain Colleges expenses. Attends 8 colleges.	\$2,400	\$5,000	\$5,000
--Chaplain Staff Colleges-Admin expenses for 8 region Colleges. 220 attendees.	\$28,000	\$28,000	\$28,000
--Advisory Committee administrative expenses	\$2,000	\$2,000	\$2,000
--Writing team travel expenses to rewrite moral leadership courses.	\$0	\$7,000	\$2,700
Sub Total	\$38,200	\$52,000	\$47,700

FY03 FIN PLAN

CIVIL AIR PATROL

**CORPORATE BUDGET
9 Aug 02**

	FY02 Budget	FY03 Request	FY03 Recomm
National Executive Committee (NEC) Conference			
Semiannual meeting of NEC. Recommend policy and approves regulations and operational issues.			
Dept 080—Conference administrative expenses for two meetings. 50 attendees	\$3,000	\$6,000	\$6,000
Sub Total	\$3,000	\$6,000	\$6,000
Executive Director			
Chief operating officer manages the National Headquarters, and administers daily affairs.			
Dept 085—Office supplies	\$2,500	\$3,500	\$3,500
--HQ telephone support	\$9,000	\$9,500	\$9,500
--Bookstore promotions	\$300	\$300	\$300
--Depot promotions	\$300	\$300	\$300
--Awards	\$12,000	\$14,000	\$14,000
--Protocol expenses	\$3,000	\$3,000	\$3,000
--Contingency for unplanned expenses directed by NB, NEC, or BoG	\$48,000	\$52,475	\$67,475
--Wellness Program – Travel funds for the National Health Officer	\$750	\$800	\$800
--Professional Legislative Consulting Services	\$48,000	\$48,000	\$48,000
--Nat'l Director Advanced Technologies – Supports new technology to enhance mission capabilities & high tech/computer ed opportunities; conducts seminars & training of CAP members in use of technologies such as STK & Searcher's Edge Program (\$20k travel, \$10k education materials, \$10k computer & equipment purchases)	\$40,000	\$40,000	\$40,000
--Professional Recertification – Professional license renewal for CAP employees	\$0	\$10,000	\$10,000
Sub Total	\$163,850	\$181,875	\$196,875

FY03 FIN PLAN

CIVIL AIR PATROL

**CORPORATE BUDGET
9 Aug 02**

	FY02 Budget	FY03 Request	FY03 Recomm
General Counsel			
Provides legal advice and legal services to the Board of Governors, the Executive Director and his staff, and the National Commander			
Dept 090—Professional Legal Services for outside counsel	\$8,300	\$2,000	\$2,000
--Telephone expenses – All corporate telephone expenses currently budgeted in EX telephone	\$3,100	\$0	\$0
--One-time survey Hawk Mountain facility	\$10,000	\$0	\$0
--Miscellaneous expenses for dues, licenses, etc.	\$1,000	\$1,000	\$1,000
Sub Total	\$22,400	\$3,000	\$3,000
Insurance			
Self insurance for injuries occurring on CAP events. Other insurance funded by appropriations.			
Dept 090—Senior and Cadet Accident Claims for minor medical claims	\$9,000	\$5,000	\$5,000
--Accident/Death Benefits. \$10,000 per claim with average two claims per year.	\$15,000	\$20,000	\$20,000
Sub Total	\$24,000	\$25,000	\$25,000

FY03 FIN PLAN

CIVIL AIR PATROL

**CORPORATE BUDGET
9 Aug 02**

	FY02 Budget	FY03 Request	FY03 Recomm
Aerospace Education & Training			
Provides aerospace education, professional development, and advanced distributed learning programs for CAP's cadet and senior members.			
Dept 095—Senior Training Ribbons and Certificates	\$400	\$400	\$400
--Cadet AE textbook (Now funded with appropriations)	\$63,000	\$63,000	\$0
--Biennial Nat Legal Officers Staff College-Admin expenses for in-residence program. 50 attendees.	\$0	\$4,500	\$4,500
--Biennial Inspector General College-Admin expenses for in-residence program. 50 attendees.	\$4,252	\$0	\$0
--National Staff College, in residence-Executive development program admin expenses 120 attendees.	\$7,500	\$7,500	\$7,500
--Region Staff Colleges-Admin expenses for 8 programs. Total attendance 220.	\$28,000	\$28,000	\$28,000
--Sqdn Leadership School-Admin expenses, wings conduct one per year. 900 attendees.	\$12,480	\$12,480	\$12,480
--Corporate Learning Course-Admin expenses, wings conduct one per year. 550 attendees.	\$7,280	\$7,280	\$7,280
--Wing Commanders Course-Admin expenses for new WG/CCs, once a year. 20 attendees.	\$11,250	\$12,150	\$12,150
--Aerospace Education promotion materials -for 1,500 teacher member (recruiting & ed material, etc)	\$26,600	\$26,600	\$26,600
--Teacher Orientation Flights-57 flight hours for 10 workshops. Total Attendance 170	\$0	\$5,000	\$5,000
Sub Total	\$160,762	\$166,910	\$103,910

FY03 FIN PLAN

CIVIL AIR PATROL

**CORPORATE BUDGET
9 Aug 02**

	FY02 Budget	FY03 Request	FY03 Recomm
Cadet Program			
To provide Civil Air Patrol with aerospace oriented programs and curricula that enhances the leadership and life skills of all cadet members thereby preparing responsible citizens for the USAF and the nation. 24,000 cadets effected			
Dept 100—International Air Cadet Exchange travel expenses for 100 cadets and 20 escorts	\$176,700	\$181,280	\$181,280
--Cadet Flight Training scholarships for 180 cadets at Nat'l Flight Academies	\$30,000	\$27,000	\$27,000
--Cadet Flt Orientation Flights (now funded with appropriations)	\$100,000	\$0	\$0
--Cadet Officer School expenses: Total Attendance 120 cadets and 10 staff	\$12,000	\$11,000	\$11,000
--Blue Beret: housing and food offset expenses for 126 cadet and 35 faculty	\$5,500	\$5,500	\$5,500
--Nat'l Flight Academy -Powered 5 Courses with 18 cadets per class, 90 cadets	\$35,000	\$44,000	\$44,000
--Nat'l Flight Academy -Glider 5 Courses with 18 cadets per class, 90 cadets	\$35,000	\$35,000	\$35,000
--Nat'l Specialized Academies 6 Courses with Total attendance 300 cadets	\$5,000	\$9,000	\$9,000
--Familiarization Courses 5 courses with Total attendance 165 cadets	\$15,000	\$18,150	\$18,150
--Nat'l Cadet Comp & Color Guard Travel and expenses for 168 cadets and 52 staff	\$54,000	\$64,850	\$64,850
--Hawk Mountain Ranger School: lodging offset total attendance 140 cadets	\$5,000	\$3,000	\$3,000
--Pararescue Orientation Course 200 cadet safety equipment and lodging and meals	\$12,000	\$12,000	\$12,000
--Region Leadership School lodging offset and educational materials 400	\$4,000	\$8,000	\$8,000
--Senior Training for Cadet Leaders educational material 400	\$2,500	\$2,500	\$2,500
--National Cadet Comp visit with the CSAF 21 cadets and 4 staff travel expenses	\$1,500	\$1,500	\$1,500
--Nat'l Cadet Advisory Council 9 members expenses for 2 in-person meetings	\$4,500	\$4,500	\$4,500
Sub Total	\$497,700	\$427,280	\$427,280

FY03 FIN PLAN

CIVIL AIR PATROL

**CORPORATE BUDGET
9 Aug 02**

	FY02 Budget	FY03 Request	FY03 Recomm
Marketing and Public Affairs			
To inform internal and external audiences of Civil Air Patrol’s national importance; enable the organization to grow; protect the image and assets of the corporation, and strengthen relationships with key audiences and customers.			
Dept 110—Salaries and benefits for fundraiser and assistant	\$136,136	\$136,136	\$136,136
--Salary and benefits for Corp employee working on NASCAR Marketing Platform	\$0	\$0	\$29,000
--Travel expenses for Fundraiser	\$25,000	\$25,000	\$25,000
--In-bound telephone expenses for 1-800 Membership Development Number: Approx. 4,000/yr.	\$4,000	\$6,000	\$6,000
--CAP News 12 monthly, 28 – 32 page issue, circulation of 60,000	\$250,000	\$275,000	\$275,000
--Special Printing: Paper, and sometimes printing, for special projects (posters, flyers, etc.)	\$10,000	\$10,000	\$10,000
--Electronic media: supplies & maintenance for multi-media productions.	\$110,000	\$25,000	\$25,000
--CAP Exhibits, 12 shows per year, includes space, shipping & related costs	\$70,000	\$70,000	\$70,000
--Promotional items for exhibits, i.e. pens, coasters, etc. Promotes booth traffic	\$10,000	\$10,000	\$10,000
--PA Resources/Membership Dues: Professional memberships to promote professional development.	\$3,500	\$3,500	\$3,500
--Oshkosh Aircraft Display: Air show reaches 1 million people, assoc display costs	\$10,000	\$10,000	\$10,000
--PR Advertising: Marketing Platform dioramas – Congress & Pentagon, Wash D.C. metro area (\$30k), Glider Graphics, est. 12-15 – (\$10k), Clipping Service (\$5k)	\$100,000	\$100,000	\$45,000
--Membership Development: Funding to promote membership campaign	\$24,000	\$24,000	\$24,000
--NASCAR Marketing Platform – Payments under contract to Lewis Motorsports	\$2,500,000	\$2,000,000	\$2,000,000
-Payments under contract to Camp & Associates, Inc.	\$1,006,250		\$0
-In-House Marketing Support (Per 7 Aug 02 Marketing Plan)	\$0	\$0	\$488,000
Sub Total	\$4,258,886	\$2,694,636	\$3,156,636

Data Automation

Processes membership renewals and cards. 75,000 notices per year.

Dept 115—Membership card supplies	\$40,100	\$40,100	\$40,100
Sub Total	\$40,100	\$40,100	\$40,100

FY03 FIN PLAN

CIVIL AIR PATROL

**CORPORATE BUDGET
9 Aug 02**

	FY02 Budget	FY03 Request	FY03 Recomm
Operations			
Provide cost-effective, force multiplying air and ground emergency response missions for our nation. Develop effective flight management, safety, standardization, training, and communications programs to support these missions. Corporate funding supports federal appropriations.			
Dept 120—Safety Flight Clinics – Pilot attendee expenses at \$40 per. 500 attendees	\$5,000	\$20,000	\$20,000
--Safety-Cost for accident investigation expenses	\$2,000	\$2,000	\$2,000
--Emergency Services-CD Rom and other printing expenses	\$10,000	\$10,000	\$10,000
--Stan Eval-Course video production	\$5,000	\$5,000	\$5,000
--Nat'l Ground Search and Rescue School-expenses for 100 volunteer staff instructors	\$10,000	\$10,000	\$10,000
--CISM-Critical Incident Stress Mgmt expenses for 8 region training course. 200 attendees	\$0	\$8,000	\$8,000
Sub Total	\$32,000	\$55,000	\$55,000

Education and Training Center, Oshkosh

Provide Civil Air Patrol a facility in an aviation rich environment where cadets and senior members can learn, improve, and enhance their aerospace education, leadership, and emergency service skills and knowledge while partnering with EAA in aerospace education outreach.

Dept 130—Lease Land	\$1,000	\$1,000	\$1,000
--Utilities	\$3,500	\$3,500	\$3,500
--Facility Maintenance	\$7,500	\$7,500	\$7,500
--Improvement Funds to be used for safety items such as paving parking lots, sec lighting, etc	\$5,000	\$10,000	\$10,000
--Property Taxes	\$500	\$500	\$500
Sub Total	\$17,500	\$22,500	\$22,500

FY03 FIN PLAN

CIVIL AIR PATROL

**CORPORATE BUDGET
9 Aug 02**

	FY02 Budget	FY03 Request	FY03 Recomm
Vehicle Self-Insurance (Offset by income)			
Dept 140—Claims Regions and Wings	\$35,265	\$35,265	\$35,265
Sub Total	\$35,265	\$35,265	\$35,265
National Programs (Offset by income)			
Provides meeting planning and logistical support to annual conferences and board meetings.			
Dept 145—Nat'l Board meeting conference Fee. Annual conference 1000 attendees	\$94,000	\$110,000	\$110,000
--Nat'l Board Transportation Travel expenses site surveys for future conferences	\$6,000	\$7,500	\$7,500
--Nat'l Board Hall of Honor Awards	\$1,000	\$0	\$0
--Nat'l Board Committee chairmen travel expenses for 5 at \$2,000 each	\$10,000	\$10,000	\$10,000
--Nat'l Congress Air and Space Education Expenses. Annual conference. 1000 attendees	\$75,000	\$80,000	\$80,000
--National Curator expenses for procuring and maintaining historical items.	\$5,000	\$5,000	\$10,000
--Legislative Program Legislative Day conference expenses. 150 attendees.	\$20,000	\$20,000	\$20,000
Sub Total	\$211,000	\$232,500	\$237,500
TOTAL	\$5,697,663	\$4,236,066	\$4,630,765

FY03 FIN PLAN

CIVIL AIR PATROL

**CORPORATE BUDGET
9 Aug 02**

	FY02 Budget	FY03 Request	FY03 Recomm
Bookstore			
The mission of the Bookstore is to provide the membership with quality merchandise (uniforms, ranks, regulations, etc) at a fair and reasonable price.			
Dept 150			
-Salaries	\$490,500	\$517,445	\$517,445
-Retirement Annuity	\$19,000	\$15,000	\$15,000
-Health Insurance	\$57,000	\$70,000	\$70,000
-Life Insurance	\$1,056	\$1,000	\$1,000
-FICA/Medicare	\$37,530	\$32,000	\$32,000
-Office Supplies	\$3,000	\$3,000	\$3,000
-Data Processing Supplies	\$14,000	\$14,000	\$14,000
-Operating Supplies	\$50,000	\$50,000	\$50,000
-Telephone	\$60,000	\$75,000	\$75,000
-Postage	\$100,000	\$100,000	\$100,000
-Equip. Rental & Maint.	\$35,000	\$35,000	\$35,000
-Vehicle Maint.	\$5,000	\$5,000	\$5,000
-Vehicle Operating Exp.	\$4,000	\$4,000	\$4,000
-Exec Dir Promotions	\$1,000	\$1,000	\$1,000
-Travel	\$2,500	\$2,500	\$2,500
-Meals & Lodging	\$13,000	\$13,000	\$13,000
-Depreciation	\$5,940	\$10,150	\$10,150
-Outbound Freight	\$300	\$1,000	\$1,000
-Bad Check Expense	\$250	\$250	\$250
-Credit Card Expense	\$34,000	\$40,000	\$40,000
-Gain/Loss on Sales	\$2,500	\$2,000	\$2,000
-Miscellaneous	\$2,000	\$2,000	\$2,000
-Fixed Assets – Equipment	\$0	\$40,000	\$40,000
-Advertising Expense	\$20,000	\$20,000	\$20,000
-Equipment Purchases	\$20,000	\$20,000	\$20,000
-National Board Expense	\$0	\$5,000	\$5,000
Department Total	\$977,576	\$1,078,345	\$1,078,345

SUPPLY DEPOT – To provide the corporation and its volunteers with items essential to support the corporate aircraft fleet, field equipment, and aerospace education materials.

Dept 155			
-Salaries	\$612,873	\$387,569	\$387,569
-Retirement Annuity	\$17,946	\$17,607	\$17,607
-Health Insurance	\$74,856	\$39,336	\$39,336
-Life Insurance	\$977	\$533	\$533
-FICA	\$46,885	\$29,649	\$29,649
-ADP Payroll Expense	\$2,000	\$1,700	\$1,700
-Audit	\$10,000	\$0	\$0
-Office Supplies	\$4,250	\$2,000	\$2,000
-Data Processing Supplies	\$10,600	\$5,000	\$5,000
-GPS Tech Support	\$7,500	\$0	\$0
-Operating Supplies	\$8,500	\$4,000	\$4,000
-Telephone	\$48,000	\$48,000	\$48,000
-Gas Heating	\$10,800	\$6,000	\$6,000
-Water	\$2,000	\$1,500	\$1,500
-Electricity	\$14,000	\$5,500	\$5,500
-Postage	\$75,000	\$5,000	\$5,000
-Office Machine Maint.	\$3,500	\$3,000	\$3,000
-Vehicle Maintenance	\$12,500	\$8,000	\$8,000
-Facility Maintenance	\$19,700	\$3,000	\$3,000
-Vehicle Oper. Expense	\$6,000	\$3,000	\$3,000
-Travel	\$2,400	\$0	\$0
-Meals & Lodging	\$3,100	\$0	\$0
-Conference Activity	\$35,000	\$14,470	\$14,470
-Depreciation	\$49,663	\$22,500	\$22,500
-Facility Lease	\$17,571	\$17,571	\$17,571
-Outbound Freight	\$36,000	\$0	\$0
-Credit Card Expense	\$13,200	\$16,000	\$16,000
-Tech Pubs	\$2,400	\$0	\$0
-Catalog Expense	\$44,600	\$16,130	\$16,130
-Miscellaneous	\$18,000	\$3,000	\$3,000
-Professional Development	\$3,700	\$0	\$0
Department Total	\$1,213,521	\$660,065	\$660,065
Total Expenses	\$7,888,760	\$5,974,475	\$6,369,175

APPENDIX D

Summary of Investment Performance

Cost to Market Comparison

June 30, 2002

	Cost	Market Value	Net Change Unrealized Gain/ (Unrealized Loss)	Net Change % Unrealized Gain/ (Unrealized Loss)
CAP Restricted Funds				
AMA Fund	\$696,924	\$668,314	(\$28,610)	-4.11%
APA Fund	\$699,849	\$671,113	(\$28,736)	-4.11%
	<u>\$1,396,773</u>	<u>\$1,339,427</u>	<u>(\$57,346)</u>	
CAP Unrestricted Funds				
Reserve	\$2,345,280	\$2,298,413	(\$46,867)	-2.00%
National Congress	\$59,253	\$58,069	(\$1,184)	-2.00%
Growth	\$1,112,520	\$1,042,485	(\$70,035) *	0.00%
General	\$27,085	\$26,544	(\$541)	0.00%
Red Cross	\$66,151	\$64,829	(\$1,322)	0.00%
Scholarship Fund	\$907,638	\$865,599	(\$42,039) *	-4.63%
	<u>\$4,517,927</u>	<u>\$4,355,939</u>	<u>(\$161,988)</u>	
Donor Restricted Funds				
Crossfield Fund	\$28,549	\$27,316	(\$1,233)	-4.32%
Clara Livingston Fund	\$117,805	\$112,718	(\$5,087)	-4.32%
Historical Fund	\$1,327	\$1,270	(\$57)	-4.30%
	<u>\$147,681</u>	<u>\$141,304</u>	<u>(\$6,377)</u>	
TOTALS	<u>\$6,062,381</u>	<u>\$5,836,670</u>	<u>(\$225,711)</u>	<u>-3.72%</u>

The following funds are **restricted by donors** for specific uses and may not be used for any other purpose:

- Livingston** - restricted for the Cadets of the Puerto Rico Wing
- Crossfield** - restricted for the benefit of the AE Program
- Historical** - restricted to defray costs for the historical committee

The following funds have been **designated by the board** for the following specific purposes:

- Reserve** - for use in cases of extreme emergency
- NCASE** - to defray costs associated with NCASE
- Scholarship** - to provide scholarships
- AMA** - restricted for the maintenance of the organization's airfleet
- APA** - restricted for the modernization of the organization's airfleet

* Scholarship Fund investment loss on the Smith Barney Account	\$0
Scholarship Fund investment loss on the Mutual of Omaha Account	(\$42,039)
	<u>(\$42,039)</u>

* Growth Fund investment loss on the Smith Barney Account	\$0
Growth Fund investment loss on the Mutual of Omaha Account	(\$70,035)
	<u>(\$70,035)</u>